

Regulatory Announcement

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Company Archipelago Resources PLC
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ANNOUNCEMENT

PROPOSED PLACING and EXTRAORDINARY GENERAL MEETING

ARCHIPELAGO RESOURCES PLC ("Archipelago" or the "Company")

Proposed Placing and Extraordinary General Meeting

A circular containing a Notice of an Extraordinary General Meeting of the Company ("Notice of EGM") to be held at 9.30 am on Friday, 5 May 2006 at the offices of Lawrence Graham LLP at 190 Strand London WC2R 1JN has been sent to shareholders. The circular contains proposals to increase the Directors' authorities to allot ordinary shares of the Company ("Ordinary Shares") to enable the Company to carry out a proposed placing of up to 15,000,000 new Ordinary Shares (the "Placing").

Reasons for the Placing

Archipelago currently has 98,639,284 Ordinary Shares in issue and as at 11 April 2006 the Ordinary Shares were trading at 42p per share giving the Company a market capitalization of approximately £41.4 million. The Placing, together with the 22,780,000 shares referred to below, will complement the loan being offered to the Company (details of which were announced on 23 March 2006), provide the additional equity capital necessary to complete construction of the Company's Toka Tindung Gold Project in North Sulawesi, Indonesia (the "Project"), and will also provide significant additional working capital to the Company with which to: -

- a) complete project construction;
- b) commence exploration on numerous mineralized targets and extensions to known deposits at Toka Tindung;
- c) undertake exploration in Vietnam and the Philippines; and
- d) meet corporate operating expenditure.

The Placing

The Company has agreed to place 22,780,000 Ordinary Shares in accordance with authority previously granted by the Company's shareholders ("Shareholders").

In addition, it is proposed that up to 15,000,000 new Ordinary Shares (the "Placing Shares") be placed as part of this placing with a number of institutions and certain individuals. The price at which the shares will be placed (the "Placing Price") is 42p.

The Placing will in part be carried out by various placing agents (the "Placing Agents") on behalf of the Company. Prior to the Placing, the Company will enter into a placing agreement with the Placing Agents to regulate the mechanics of the Placing in respect of certain places.

The Placing is conditional upon the passing of the resolution at the Extraordinary General Meeting referred to below and admission of the Placing Shares to trading on the AIM Market of the London Stock Exchange. The Placing Shares will have the same rights as the existing Ordinary Shares and will rank pari passu in all respects. It is expected that admission of such shares will take place on or about 8 May 2006.

The Company has agreed to pay fees of up to 5 per cent. of the moneys raised under the Placing to the Placing Agents. The Directors of the Company will not participate in the Placing or receive any benefit therefrom.

Extraordinary General Meeting

To enable the Directors to allot the Placing Shares, the Directors are seeking specific authority under section 80 of the Companies Act 1985 (the "Act") to issue the Placing Shares and also to disapply statutory pre-emption rights under section 95 of the Act for that purpose by way of a special resolution. The special resolution will also provide general ongoing authority to allot equity securities for the purpose of section 80 of the Act up to an aggregate nominal amount of £450,000 (representing approximately 33 per cent. of the issued share capital following completion of the Placing and to disapply statutory pre-emption rights under section 95 of the Act up to an aggregate nominal amount of £270,000 (representing approximately 20 per cent of the issued share capital following completion of the Placing).

Recommendation

The Directors of Archipelago consider that the Placing is in the best interests of the Company and the Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the resolution set out in the Notice of EGM. The Directors who are shareholders intend to do so in respect of their own holdings and interests beneficially held by them (amounting to 22,295,825 Ordinary Shares, representing approximately 22.6 per cent. of the current issued share capital of the Company).

Further Info:

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